



COMMISSION ON INSURANCE

COUNTY OF LOS ANGELES

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Bob L. Blake
Glenn S. Brown, J.D.
Helene S. Lohr, LUTCF
Luther W. Nash
Patricia Torres, Esq.
Steven Vicencia, CPCU
William K. Callagy

MINUTES

Meeting of November 19, 2009
Kenneth Hahn Hall of Administration, Room 374-A
500 West Temple Street, Los Angeles, CA 90012

Commissioners Present: Scott J. Svonkin, Barry Binder Esq., Bob L. Blake, Glenn S. Brown, J.D., Helene S. Lohr, LUTCF, Luther W. Nash, and William K. Callagy

Commissioners Absent: Daniel Falcon, Patricia Torres, Esq., and Steve Vicencia

CALL TO ORDER

Chairperson Svonkin called the meeting to order at 10:16 a.m.

PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Chairperson Svonkin.

APPROVAL OF MEETING MINUTES

On motion of Commissioner Nash, seconded by Commissioner Binder and unanimously carried, the September 17, 2009 meeting minutes were approved.

CHAIRMAN'S REPORT

Chairperson Svonkin requested the Commission adjourn the meeting in memory of Victor Jose Torres beloved father of Commissioner Patricia Torres, who passed away on Monday, November 16, 2009 at the age of 93. He was a veteran of World War II, a beloved father, husband and grandfather. Our thoughts and prayers are with Commissioner Torres and her family.

JUDGE DAVID W. O'BRIEN, THE O'BRIEN FORUM: "THE IMPORTANCE OF ADOPTING AN EXPLANATION OF BENEFITS FOR INJURED WORKERS"

Commissioner Brown introduced Judge O'Brien and Laura Clifford, President of the Employers Fraud Task Force.

Ms. Clifford provided a power point presentation (on file) and reported the following:

- The Employers Fraud Task Force (EFTF) helps employers coordinate their efforts to effectively combat workers compensation fraud and abuse, coordinate with law enforcement officials while working with the best experts;
- The EFTF was privileged to serve on the Department of Insurance Advisory Task Force last year where 18 recommendations were made, the most important being to send a statement of benefits document to patients to verify that services were rendered, the extent of the services and include information on where and how to report suspected fraud; and
- This recommended process of sending out an Explanation of Benefits (EOB) to injured workers would prevent the billing of services not rendered and result in a savings of over a billion dollars a year.

Judge O'Brien reported the following:

- Stressed the need for transparency in the claims process for the injured worker to keep them informed by raising awareness and knowledge of services provided on their behalf. To promote communication between the injured worker and claims administrator and recognizing possible provider billing mistakes, billing mischief or fraud;
- The need for an EOB was evident after L.A. Times wrote an article on June 16, 2009, entitled "Ex-Cedars Worker Gets 4 years in Case" where they reported James Allen Wilson pleaded guilty to stealing patient information to defraud insurance firms of \$354,000;
- Recommends reading *License to Steal* by Malcolm Sparrow who says, "The general public and most members of the medical profession may not be aware of the extraordinary, range of characters queuing up to defraud the system"; and
- Disneyland Resort, Sempra Energy, Cities of Anaheim, Torrance and Huntington Beach are in partnership with Judge O'Brien and the Employers' Task Force and will begin to send statements of workers compensation medical benefits paid for medical services rendered.

Following discussion, Commissioners thanked Judge O'Brien for his informative presentation.

Rocky Armfield, Assistant Chief Executive Officer, Risk Management Branch thanked the Commission for inviting him and introduced two staff members, Bill McClure who established the Workers Compensation Fraud Process within the County and Alex Rossi who is the current Workers' Compensation Claims Manager. The County shares Judge O'Brien's passion for preventing workers compensation fraud and will update the Commission and on any new developments of prevention.

STATE INSURANCE COMMISSIONER

Chairperson Svonkin expressed his regrets that the State Insurance Commissioner Poizner has been unable to join in a Commission meeting during his term in office. Following discussion, the Commission suggested sending invitations to candidates for the Office of State Insurance Commissioner to attend a future meeting.

Commissioner Nash reported a meeting with State Insurance Commissioner Poizner and his Chief Deputy Jesse R. Huff and invited both to attend a Commission meeting. State Insurance Commissioner Poizner agreed to attend and provided Commissioner Nash with the contact information of his Chief Deputy. An email was sent to Chief Deputy Jesse R. Huff by Staff on Wednesday, November 18, 2009 and is pending a response.

PUBLIC COMMENT

There was none.

MATTERS NOT POSTED ON THE AGENDA TO BE PLACED ON A FUTURE AGENDA

There was none.

ADJOURNMENT

There being no further business and without objection, the meeting was adjourned at 11:37 a.m. The next meeting is January 21, 2010.

ATTENDANCE

Staff

Twila P. Kerr, Board of Supervisors
Lupe Duron, Board of Supervisors

Guests

Rocky Armfield, Assistant Chief Executive Officer, Risk Management Branch
Laura Clifford, President, Department of Insurance, Employers Fraud Task Force
Bill McClure, Risk Management Branch
Alex Rossi, Worker's Compensation Claims Manager, Risk Management Branch
Mary Callagy